



General Assembly

January Session, 2005

Raised Bill No. 6940

LCO No. 4040

04040_____APP

Referred to Committee on Appropriations

Introduced by:
(APP)

***AN ACT INCREASING THE AUTHORITY OF THE TREASURER WITH
RESPECT TO THE USE OF UNAPPROPRIATED GENERAL FUND
SURPLUS IN EXCESS OF THAT TRANSFERRED TO THE BUDGET
RESERVE FUND.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (a) of section 4-30a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (a) After the accounts for the General Fund have been closed for
5 each fiscal year and the Comptroller has determined the amount of
6 unappropriated surplus in said fund, after any amounts required by
7 provision of law to be transferred for other purposes have been
8 deducted, the amount of such surplus shall be transferred by the State
9 Treasurer to a special fund to be known as the Budget Reserve Fund.
10 When the amount in said fund equals ten per cent of the net General
11 Fund appropriations for the fiscal year in progress, no further transfers
12 shall be made by the Treasurer to said fund and the amount of such
13 surplus in excess of that transferred to said fund shall be deemed to be
14 appropriated, [to] as the Treasurer deems in the best interests of the

15 state: (1) To the State Employees Retirement Fund, in addition to the
 16 contributions required pursuant to section 5-156a; [but not exceeding
 17 five per cent of the unfunded past service liability of the system as set
 18 forth in the most recent actuarial valuation certified by the Retirement
 19 Commission. Such surplus in excess of the amounts transferred to the
 20 Budget Reserve Fund and the state employees retirement system shall
 21 be deemed to be appropriated for: (1) Redeeming] (2) to the
 22 Connecticut teachers' retirement fund, in addition to the contribution
 23 required pursuant to section 10-183z; (3) for the redemption prior to
 24 maturity of any outstanding indebtedness of the state selected by the
 25 Treasurer in the best interests of the state; [(2) purchasing] (4) for the
 26 purchase of outstanding indebtedness of the state in the open market
 27 at such prices and on such terms and conditions as the Treasurer shall
 28 determine to be in the best interests of the state for the purpose of
 29 extinguishing or defeasing such debt; [(3) providing] (5) for the
 30 defeasance of any outstanding indebtedness of the state selected by the
 31 Treasurer in the best interests of the state by irrevocably placing with
 32 an escrow agent in trust an amount to be used solely for, and sufficient
 33 to satisfy, scheduled payments of both interest and principal on such
 34 indebtedness; or [(4)] (6) for any combination of these methods.
 35 Pending the use or application of such amount for the payment of
 36 interest and principal on outstanding indebtedness, such amount may
 37 be invested in (A) direct obligations of the United States government,
 38 including state and local government treasury securities that the
 39 United States Treasury issues specifically to provide state and local
 40 governments with required cash flows at yields that do not exceed
 41 Internal Revenue Service arbitrage limits, (B) obligations guaranteed
 42 by the United States government, and (C) securities backed by United
 43 States government obligations as collateral and for which interest and
 44 principal payments on the collateral generally flow immediately
 45 through to the security holder.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	4-30a(a)
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Statement of Purpose:

To give the Treasurer authority over the use of unappropriated surplus for the reduction of bonded indebtedness or unfunded pension liability. Requested by the Comptroller and the Treasurer.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]